

1
2
3
4
5
6
7 UNITED STATES DISTRICT COURT
8 FOR THE WESTERN DISTRICT OF WASHINGTON
9 AT SEATTLE

10 REALNETWORKS, INC., a Washington
11 corporation,

12 Plaintiff,

13 v.

14 QSA TOOLWORKS, LLC, a New York limited
15 liability corporation,

16 Defendant.

CASE NO.

COMPLAINT FOR DECLARATORY
RELIEF; DEMAND FOR JURY TRIAL

17 Plaintiff RealNetworks, Inc. ("RealNetworks"), through its undersigned attorneys, hereby
18 alleges as follows:

19 **I. JURISDICTION AND VENUE**

20 1. This Court has original jurisdiction over this action under 28 U.S.C. §§ 1331, 1332
21 and 1338 as this matter arises under the Lanham Act, 15 U.S.C. § 1051, *et seq.*, the parties are
22 citizens of different states, and the matter in controversy exceeds the sum or value of \$75,000,
23 exclusive of interests and costs.

24 2. RealNetworks' claims arise in whole or in part in this District, and the Defendant
25 transacts business within this District. Accordingly, venue is proper under 28 U.S.C. § 1391(b)
26 and (c).

COMPLAINT FOR DECLARATORY RELIEF; DEMAND
FOR JURY TRIAL - 1
CASE NO.

SUMMIT LAW GROUP PLLC
315 FIFTH AVENUE SOUTH, SUITE 1000
SEATTLE, WASHINGTON 98104-2682
Telephone: (206) 676-7000
Fax: (206) 676-7001

II. THE PARTIES

3. Plaintiff RealNetworks is a pioneer in the creation, delivery, playback, and security of audio and video digital media content over networks. RealNetworks is organized under the laws of the State of Washington. Its headquarters is in Seattle, Washington.

4. Upon information and belief, Defendant QSA Toolworks, LLC ("QSA") is organized under the laws of the State of New York and its headquarters is in New York, New York. QSA intentionally does business in Washington State and in the Western District of Washington, including, without limitation, by (a) offering, selling and delivering software products over the internet to residents of the State of Washington, including residents in the Western District, and (b) by forming contracts in the State of Washington, including the Western District. QSA has sold its software products and services to a number of Washington residents.

III. STATEMENT OF FACTS

RealNetworks' Digital Media Platform.

5. RealNetworks is a global leader in the delivery of software development tools for the creation and delivery of audio and video digital media over the Internet and other networks.

6. In July 2002, RealNetworks released its HELIX digital media software platform—an open, comprehensive software platform that enables the creation of digital media products and applications for any format, operating system, or device. The HELIX software platform provides developers access to source code to build and enhance products for the creation, delivery, and playback of digital media.

7. RealNetworks' HELIX digital media software platform is available to software developers for download at the *www.helixcommunity.org* website owned and maintained by RealNetworks. The HELIX software is available for license in source code form under both open source and commercial source licenses.

8. Since its launch in July 2002, the HELIX Community website has had more than 100 million page views and more than 3.5 million software downloads. As of July 2007,

1 RealNetworks' HELIX software licensees have shipped more than 175 million units of products
2 containing RealNetworks' HELIX client software.

3 9. RealNetworks also licenses HELIX digital media servers to commercial entities for
4 use in streaming digital media over the internet, mobile networks, and other networks. More than
5 100 mobile operators in more than 40 countries around the world use HELIX servers to deliver
6 digital media content over their networks.

7 **The Chip Merchant ("TCM").**

8 10. Upon information and belief, on or about 2000, The Chip Merchant ("TCM")
9 purchased a company called Helix Technologies. As part of that purchase, TCM acquired certain
10 Helix Technologies intellectual property, including its relational database software product,
11 "Helix," and related common law and federally registered trademarks.

12 11. Prior to its purchase of Helix Technologies, TCM's predecessors registered a
13 HELIX trademark with the U.S. Patent and Trademark Office ("PTO") for "computer programs
14 and program manuals, all sold as a unit, for use in data based (sic) management" (Reg.
15 No. 1,682,683).

16 12. Subsequent to its purchase of Helix Technologies, TCM registered, in its own
17 name, the HELIX RADE trademark for "computer software for database development" (Reg.
18 No. 2,566,500). (Collectively, with HELIX (Reg. No. 1,682,683) described in Paragraph 11
19 above, described herein as "the TCM HELIX Marks.")

20 **RealNetworks' Consent Agreement With The Chip Merchant.**

21 13. On or about June 2002, and prior to RealNetworks' use of its HELIX marks
22 (collectively, the "Real HELIX Marks"), RealNetworks contacted TCM and confirmed that no
23 confusion existed between TCM's use of the mark HELIX for database management software and
24 RealNetworks' proposed use of the mark HELIX for digital media development software.

14. On or about June 26, 2002, RealNetworks and TCM executed a consent agreement providing that both parties would use the HELIX mark in their respective fields ("Consent Agreement").

15. The Consent Agreement provided in relevant part as follows:

Paragraph B:

Real Helix Product is defined as a "platform which includes software applications for content creation, delivery and playback, and associated software development tools" relating to the "deliver[y] of various types of digital media (including audio, video, text, animations, graphics and data) over the Internet and other networks."

Paragraph 1:

"[T]he parties believe in good faith that concurrent use of their respective [HELIX] marks for their respective goods and services is not likely to cause consumer confusion, mistake or deception."

Paragraph 2:

"TCM shall not oppose or otherwise contest the right of Real or its licensees to use and/or register the mark HELIX (or any mark containing the word "HELIX") in any jurisdiction in the world for or in connection with the Real Helix Product."

Paragraph 6:

"This Consent Agreement . . . will bind and inure to the benefit of the officers, agents, employees, successors, assigns, affiliates, related companies, and licensees of each party. . . ."

16. In reliance on the Consent Agreement, RealNetworks adopted and began using the Real HELIX Marks, and on July 18, 2002, filed its application to register HELIX with the PTO in connection with the goods and services outlined in the Consent Agreement. On July 19, 2002, RealNetworks filed a second application to register the mark HELIX (and DESIGN).

QSA Toolworks.

17. Upon information and belief, on or about April 24, 2003, TCM filed for bankruptcy under Chapter 11 of the Bankruptcy Code. The filing was subsequently converted to Chapter 7.

1 18. Upon information and belief, on or about July 21, 2004, the bankruptcy trustee sold
2 the stock of TCM's wholly-owned subsidiary, Helix Software Technologies ("HST") to Defendant
3 QSA Toolworks, LLC ("QSA").

4 19. Upon information and belief, on or about December 22, 2005, QSA filed a
5 trademark application at the PTO to register the mark HELIX for goods including "sound, graphic,
6 animated and/or text" data (Ser. No. 78779957).

7 20. On January 4, 2006, QSA commenced an Opposition at the Trademark Trial and
8 Appeal Board ("TTAB") against RealNetworks. QSA's Opposition alleges that QSA owns the
9 TCM HELIX Marks and that it has priority over RealNetworks with respect to use of the mark
10 HELIX, generally. QSA's Opposition further alleges that QSA would be damaged by
11 RealNetworks' registration of the mark HELIX because of a likelihood of confusion with the
12 TCM HELIX Marks.

13 21. Subsequently, on February 7, 2007, QSA commenced a second Opposition at the
14 TTAB, alleging trademark infringement.

15 22. An actual controversy has arisen and now exists between the parties relating to:
16 (a) whether QSA has any rights whatsoever in the TCM HELIX Marks; (b) in the event QSA is
17 able to demonstrate it has any rights whatsoever in the HELIX Marks, whether the Consent
18 Agreement is binding on QSA; and (c) whether there is a likelihood of confusion with respect to
19 RealNetworks' and QSA's respective uses of the mark HELIX.

20 23. A declaratory judgment is necessary in that RealNetworks contends that: (a) QSA
21 has no rights whatsoever in the TCM HELIX Marks, and any rights QSA has in the HELIX marks
22 are common law rights junior to RealNetworks' rights in the mark HELIX; (b) even if QSA can
23 demonstrate that it has rights in the TCM HELIX Marks, QSA is bound by the terms of the
24 Consent Agreement as an assign and/or successor of TCM; and (c) regardless of any trademark
25 rights QSA may have, there is no likelihood of confusion with respect to each parties' use of
26

1 HELIX for their respective goods and services. RealNetworks is informed and believes that QSA
2 disputes these contentions.

3 **IV. COUNT ONE: DECLARATORY RELIEF DECLARING**
4 **REALNETWORKS' PRIORITY RIGHTS TO HELIX**

5 24. RealNetworks repeats the allegations set forth in Paragraphs 1-23 above and
6 reincorporates such allegations herein by reference.

7 25. An actual controversy has arisen and now exists between the parties with respect to
8 whether QSA has any rights in the TCM HELIX Marks. Specifically, RealNetworks' contends
9 that:

- 10 a. At all relevant times, TCM was the owner of the TCM HELIX Marks.
11 b. TCM never transferred or assigned the TCM HELIX Marks to HST.
12 c. QSA's purchase of the HST stock did not include any rights to the TCM

13 HELIX Marks.

14 d. QSA has not acquired rights senior to RealNetworks' rights in the Real
15 HELIX Marks in any other way.

16 26. RealNetworks is informed and believes that QSA disputes the contentions set forth
17 in Paragraph 25 above.

18 27. RealNetworks requires a judicial determination of its rights, respective to QSA's, to
19 use the term HELIX.

20 **V. COUNT TWO: DECLARATORY RELIEF DECLARING THAT**
21 **THE CONSENT AGREEMENT IS BINDING ON QSA AND QSA HAS**
22 **BREACHED THE SAME**

23 28. RealNetworks repeats the allegations set forth in Paragraphs 1-27 above and
24 reincorporates such allegations herein by reference.

25 29. An actual controversy has arisen and now exists between the parties with respect to
26 QSA's obligations under the Consent Agreement. Specifically, RealNetworks contends that:

a. At the time RealNetworks entered into the Consent Agreement with TCM,
TCM was the owner of the TCM HELIX Marks.

1 b. Because of the differences between the parties' respective goods and
2 services, TCM and RealNetworks agreed that there was no likelihood of confusion between
3 RealNetworks' and TCM's concurrent use of the term "HELIX" in their respective fields of use,
4 and such concurrent use would not result in consumer confusion, mistake or deception as to the
5 source of the goods sold.

6 c. TCM agreed that it would not oppose or otherwise contest RealNetworks'
7 right to use and/or register the mark "HELIX" (or any other mark containing the word "HELIX")
8 in connection with RealNetworks' HELIX goods and services.

9 d. TCM and RealNetworks agreed that the marks, as currently used for their
10 respective goods, were not confusing as identified in the Consent Agreement.

11 e. The Consent Agreement binds any successor, assign, affiliate, licensee
12 and/or related company.

13 f. RealNetworks has performed all of its obligations under the Consent
14 Agreement.

15 g. Any rights QSA acquired in the mark HELIX were acquired no earlier than
16 2004, when QSA was incorporated, making it a junior user of the mark HELIX.

17 h. To the extent QSA has any rights in the TCM HELIX Marks, it is bound by
18 the terms of the Consent Agreement as an assign and/or successor of TCM, and therefore, is
19 prohibited from (i) filing applications for goods and services listed as belonging to RealNetworks
20 in the Consent Agreement, and/or (ii) opposing or otherwise contesting RealNetworks' use or
21 registration of the HELIX mark in connection with RealNetworks' goods and services.

22 i. As an assign and/or successor to TCM, QSA is in breach of its obligations
23 under the Consent Agreement and RealNetworks has been damaged by such breach.

24 30. RealNetworks is informed and believes that QSA disputes the contentions set forth
25 in Paragraph 29 above.

1 31. RealNetworks requires a judicial determination of QSA's obligations under the
2 Consent Agreement and QSA's breach thereof.

3 **VI. COUNT THREE: DECLARATORY RELIEF REGARDING A**
4 **DETERMINATION OF NO LIKELIHOOD OF CONFUSION**

5 32. RealNetworks repeats the allegations set forth in Paragraphs 1-31 above and
6 incorporates such allegations herein by reference.

7 33. In the event QSA is able to demonstrate rights in the TCM HELIX Marks, an actual
8 controversy has arisen and now exists between the parties with respect to RealNetworks' use of its
9 HELIX marks. Specifically, RealNetworks contends that:

10 a. RealNetworks' use of HELIX, including use and registration of the Real
11 HELIX Mark in connection with its digital media software platform is not likely to cause
12 consumer confusion as to the source of such goods and services.

13 b. RealNetworks' use of the Real HELIX Marks in connection with its digital
14 media software platform goods and services does not violate any trademark rights of QSA.

15 c. RealNetworks has the right to use and register HELIX, including the Real
16 HELIX Marks, in connection with its digital media software platform goods and services.

17 d. RealNetworks has the right to maintain its U.S. trademark applications and
18 registrations for the Real HELIX marks.

19 34. RealNetworks is informed and believes that QSA Toolworks disputes the
20 contentions set forth in Paragraph 33 above.

21 35. RealNetworks requires a judicial determination of its rights to use the mark HELIX
22 for its digital media software goods and services.

23 **VII. RELIEF SOUGHT**

24 WHEREFORE, Plaintiff RealNetworks, Inc. respectfully prays the Court as follows:

25 A. That the Court declare that QSA has no rights in the TCM HELIX Marks and that
26 any rights QSA has in HELIX emanate from QSA's inception in 2004;

1 B. That if QSA has rights in the TCM HELIX Marks, the Court declare that the
2 Consent Agreement is binding on QSA and RealNetworks; that QSA has breached its obligations
3 under the Consent Agreement; and that RealNetworks has been damaged as a result;

4 C. That the Court declare that QSA's trademark application (Ser. No. 78779957) to
5 register the mark HELIX listing goods identified as RealNetworks' goods is in breach of the
6 Consent Agreement and that such application therefore be cancelled;

7 D. That the Court declare that there is no likelihood of confusion with respect to
8 RealNetworks' and QSA's use of HELIX in their respective marks for their respective goods and
9 services;

10 E. That the Court order a damage award against QSA and to RealNetworks for the
11 damage caused RealNetworks as a result of QSA's breach of the Consent Agreement, in an
12 amount to be proven at trial;

13 F. That the Court order an award of reasonable attorneys' fees and costs to
14 RealNetworks;

15 G. That the Court grant such other and further relief as to the Court deems just and
16 proper.

17 **VIII. JURY DEMAND**

18 Plaintiff hereby demands a trial by jury of all issues in this case so triable.
19
20
21
22
23
24
25
26

1 DATED this 6th day of December, 2007.

2 SUMMIT LAW GROUP PLLC
3 Attorneys for RealNetworks, Inc.

4
5 By 

6 Ralph H. Palumbo, WSBA #04751

7 Lynn M. Engel, WSBA #21934

8 *ralphp@summitlaw.com*

9 *lynne@summitlaw.com*

10 315 Fifth Avenue South, Suite 1000

11 Seattle, WA 98104-2682

12 Tel: (206) 676-7000

13 Fax: (206) 676-7001

14
15
16
17
18
19
20
21
22
23
24
25
26
COMPLAINT FOR DECLARATORY RELIEF; DEMAND
FOR JURY TRIAL - 10
CASE NO.

SUMMIT LAW GROUP PLLC
315 FIFTH AVENUE SOUTH, SUITE 1000
SEATTLE, WASHINGTON 98104-2682
Telephone: (206) 676-7000
Fax: (206) 676-7001